

VZCZCXRO0042

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DE RUEHSF #0369 0790928
ZNR UUUUU ZZH
P 200928Z MAR 07
FM AMEMBASSY SOFIA
TO RUEHC/SECSTATE WASHDC PRIORITY 3428
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE
RUCPDO/USDOC WASHDC

UNCLAS SOFIA 000369

SIPDIS

STATE FOR USTR LMOLNAR, JCHOE-GROVES
STATE FOR EB/IPE JURBAN, SWILSON, JBOGER AND EUR/NCE MNORDBERG
COMMERCE FOR SSAVICH

SENSITIVE
SIPDIS

E.O. 12958: N/A

TAGS: [ECON](#) [KIPR](#) [BU](#)

SUBJECT: BULGARIAN POLICE RAID MAJOR INTERNET PIRATES

¶1. (U) SUMMARY: The owners of two of the largest torrent trackers, arenabg.com and zamunda.net, were arrested recently by police during raids on illegal Internet piracy facilities. Both were released by the courts after two days detention pending further investigation. Whether and when they go to trial depends on the results of the investigation. The owners have voluntarily shut down the sites for the time being. The raids are part of the GOB's increased law enforcement efforts against Internet crimes. END SUMMARY

¶2. (U) Sixteen computer systems and a number of hard disks were seized in 14 inspections of torrent trackers last week. The inspections were conducted against two of the four biggest Bulgarian torrent trackers (free file sharing method among Internet users) arenabg.com and zamunda.net and a number of large Internet users. A few days before the raids, two other big torrent trackers, data.bg and bol.bg, decided to voluntarily shut down their torrent sites. The GOB said it will continue inspections for unlicensed content on the local network area (LAN) providers.

¶3. (U) Elian Geshev, owner of Arenabg.com, was arrested by the police March 16, for suspected infringement of the domestic copyright law and distributing material with adult content. Geshev's arrest followed a joint effort by major law enforcement agencies - the Ministry of Interior's (MoI) Directorate General for Combating Organized Crime, the Sofia Investigative Service and the Supreme Cassation Prosecution. Geshev, who was the subject of another GOB action last May, was released by the Sofia Regional Court on March 18, although investigative proceedings against him are still underway. Geshev is reported to have owned a large share of a company related to the SIC group, a major organized crime group, a few years ago. The press reported Geshev and the other owners could be imprisoned for up to five years and fined up to \$2,000. Our industry contacts told us, however, that there is not enough legal precedent in this area to accurately predict at this time what the final charges would be, let alone the final penalties.

¶4. (U) According to government estimates, some 30,000 users download music, films and software from the Arena.bg site every day. The press estimated the daily loss at up to \$600,000, but industry representatives told us they couldn't confirm that number. The Bulgarian owners of arenabg.com, which is currently registered in the United States, say that the site already has a new foreign owner. Zamunda.net, in turn, encourages downloading by making the biggest downloaders VIP clients of its site.

¶4. (SBU) COMMENT: We have heard for a few months that the government planned to step up efforts against Internet piracy - especially the torrent sites. The good interagency cooperation evident in this action is promising, but must be followed up by strong investigations, prosecutions and legal proceedings. Another general concern is in getting the media to understand the piracy

angle from the rightsholders' position. The press tends to support the pirates, casting this as a "freedom" issue, and downplaying the GOB's efforts, which it derides as nothing more than campaigning ahead of the 301 decision. That is an exaggeration, as the government fully understands we want to see sustained performance.

BEYRLE